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TONKON TORP LLP

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Of Attorneys for Debtor

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
EUGENE DIVISION

In re

USDC Case No. 09-cv-6082-HO

STAYTON SW ASSISTED LIVING, L.L.C.,
(the Consolidated Sunwest Related Entities),

Debtor.

Bankruptcy Court
Case No. 08-36637-tmb11
(Reference Withdrawn)

**MOTION TO DIRECT RECEIVERS AND
OTHER CUSTODIANS TO TURN OVER
PROCEEDS FOLLOWING CLOSE OF
ASSET SALE**

Stayton SW Assisted Living, L.L.C., Debtor, and Debtor-in-Possession

("Debtor") hereby moves this Court for an order directing receivers and other custodians to turn over remaining proceeds to Debtor following the closing of the sale of Debtor's assets to Blackstone, and in support thereof represents:

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1. Certain of Debtor's Holdco Properties are in the control of receivers and other custodians. Debtor's confirmation plan has been approved, and an order confirming the plan has been entered. Accordingly, the receivers and other custodians will be terminated automatically upon the Effective Date of the plan, which is the date of the closing of the sale of the Holdco Properties to Blackstone.

2. Upon the closing, Debtor is entitled to funds held by the receivers and other custodians with respect to these facilities, net of the costs accrued through the closing date ("Excess Proceeds").

3. Debtor is informed and believes that one or more receivers or other custodians may also be subject to state court orders that require those receivers and other custodians to hold the Excess Proceeds pending further review by those state courts.

4. The property being held by the receivers and other custodians is property of this bankruptcy estate. 11 U.S.C. § 541. Further, orders entered in this bankruptcy case takes priority over any conflicting state court orders pursuant the Supremacy Clause of the U.S. Constitution.

5. Some receivers or other custodians are unwilling, or believe they are unable, to turn over the Excess Proceeds to Debtor following closing, unless the Court enters an order so directing them.

WHEREFORE, Debtor requests that this Court enter an order in the form of attached Exhibit A directing all receivers and other custodians in control of Debtor's facilities

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* * *

being sold to Blackstone to turn over to Debtor, as soon as practicable after the closing date, any proceeds held by them as of the closing date, net of costs accrued as of that date.

Dated: July 26, 2010.

TONKON TORP LLP

By /s/ James Hein

Albert N. Kennedy, OSB No. 821429

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Attorneys for Debtor

EXHIBIT A

Albert N. Kennedy, OSB No. 821429 (Lead Attorney)

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STAYTON SW ASSISTED LIVING, L.L.C.
(the Consolidated Sunwest Related Entities),

Debtor.

Bankruptcy Court
Case No. 08-36637-tmb11
(Reference Withdrawn)

**ORDER DIRECTING RECEIVERS AND
OTHER CUSTODIANS TO TURN OVER
PROCEEDS FOLLOWING CLOSE OF
ASSET SALE**

This matter came before the Court on Debtor's Motion to Direct Receivers And Other Custodians to Turn Over Proceeds Following Close of Asset Sale ("Motion"). The Court having reviewed the Motion, and being otherwise fully advised; NOW, THEREFORE,

IT IS HEREBY ORDERED that the Motion is granted. All receivers and other custodians in control of Debtor's facilities being sold to Blackstone shall turn over to Debtor, as

soon as practicable after the closing date, any excess proceeds held by them as of the closing date, net of costs accrued as of that date. Those receivers and other custodians shall be terminated as of the closing date of the sale.

Dated this _____ day of _____, 2010.

Michael R. Hogan
U.S. District Court Judge

Presented by:

TONKON TORP LLP

By /s/ James Hein
Albert N. Kennedy, OSB No. 821429
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Attorneys for Debtor

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **MOTION TO DIRECT RECEIVERS AND OTHER CUSTODIANS TO TURN OVER PROCEEDS FOLLOWING CLOSE OF ASSET SALE** was served on all ECF participants through the Court's Case Management/Electronic Case File system on the date set forth below.

I also hereby certify that the foregoing **MOTION TO DIRECT RECEIVERS AND OTHER CUSTODIANS TO TURN OVER PROCEEDS FOLLOWING CLOSE OF ASSET SALE** was served on the listed recipients below by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. Mail at Portland, Oregon the date set forth below.

Cordes & Company
Attn: Mary Logan
5299 DTC Boulevard, Suite 815
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Phillips Lytle, LLP
Attn: John Schmidt
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Attn: Christine Wright
P.O. Drawer 550
Las Cruces, NM 88004

DATED: July 26, 2010.

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